

City of Cincinnati



*Interdepartmental
Correspondence Sheet*

May 18, 2009

FOR YOUR INFORMATION

To: Mayor and Members of City Council

From: Milton Dohoney, Jr., City Manager *MD*

Subject: **Community Development Block Grant Recovery Program (CDBG-R)**

Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA), approved February 17, 2009, appropriates nationally \$1.0 billion to carry out the Community Development Block Grant (CDBG) program on an expedited basis. The grant program under Title XII is commonly referred to as the CDBG Recovery Program (CDBG-R). Statutory and regulatory provisions governing the CDBG program will apply to CDBG-R funds, however there are exceptions. Funding available under the Recovery Act has clear purposes - to stimulate the economy through measures that modernize the Nation's infrastructure, improve energy efficiency of public facilities, expand educational opportunities and access to health care, economic development, housing, and spur job creation or retention. The City should give priority to projects that can award contracts based on bids within 120 days from the date funds are made available, and that activities can be started and completed expeditiously. Funds should maximize job creation and economic benefit by:

- (A) Preserving and creating jobs and promoting economic recovery;
- (B) Assisting those most impacted by the recession;
- (C) Providing investment needed to increase economic efficiency;
- (D) Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits;
- (E) Minimizing or avoiding reductions in essential services; or
- (F) Fostering energy independence.

The City must certify that all iron, steel and manufactured goods used in construction, alteration, repair, or maintenance of a public building or public work must be produced in the United States. The City of Cincinnati is eligible to apply for up to \$3,490,694 in CDBG-R funding directly from HUD and must submit a Substantial Amendment to the 2008 Consolidated Plan/Action Plan no later than June 5, 2009 to receive these funds. The table on the next page outlines how the Administration recommends use of the available CDBG-R funds. The programs recommended meet stated CDBG-R priorities, City Council priorities, and will allow the City to expend funds in a timely manner and have a positive economic impact.

CDBG- R RECOMMENDATIONS

| | |
|---|--------------------|
| Housing | |
| American Can/Factory Square Development | \$1,600,000 |
| NEP Homeowner Repair Program | \$218,021 |
| Emergency Shelter Improvements | \$300,000 |
| Total Housing | \$2,118,021 |
| Public Improvements | |
| Warsaw Avenue Streetscape | \$300,000 |
| Private Lot Abatement | \$214,466 |
| Total Public Improvements | \$514,466 |
| Public Service Activities | |
| Drug Elimination Program | \$100,000 |
| YWCA- Abuse & Homelessness Protection | \$86,918 |
| YWCA-Empowering Youth | \$8,556 |
| Smart Money Community Services | \$41,773 |
| STOP Aids, Inc. | \$36,690 |
| Cincinnati Area Senior Services, Inc. | \$58,294 |
| Center for Chemical Addiction Treatment | \$96,632 |
| Cincinnati Union Bethel - Anna Louise Inn | \$40,012 |
| Cincinnati Union Bethel - Off the Streets | \$40,263 |
| Total Public Service Activities | \$509,138 |
| Projects Total | \$3,141,625 |
| Administration Total | \$349,069 |
| Total CDBG-R Budget | \$3,490,694 |

Descriptions of the recommended projects follow.

- American Can/Factory Square Development:** The American Can Building at the proposed Factory Square in Northside is a mixed-use redevelopment of former factory that will create 96 rental units and approximately 30,000 square feet of commercial space. The building will be LEED certified, will help create affordable housing options for those most impacted by the recession, and is expected to create 50 to 100 new jobs. This redevelopment is the creative vision of the project's developer, Bloomfield/Schon + Partners. The plan takes into account the importance of historic preservation as well as the need to transform this underutilized site into something more productive and environmentally friendly. After the initial \$22 million phase of the project is completed, a future phase is envisioned along Hamilton Avenue that would create new townhomes, an additional 30,000 square feet of office and retail space, and a new greenscaped park.

The American Can building remains a vacant and highly visible eyesore near the key intersection of Hamilton Avenue and Blue Rock Road in Northside, which makes redevelopment of the site a high priority for the community and for the historic Northside

Business District. Due to the current credit market, it has been difficult for the developer to secure a bank loan in order to start the project. However, the availability of new CDBG Recovery funds affords the City an opportunity to fill some of the project's financing gap and to leverage additional private funds. The developer has received a tentative commitment from a lender pending the approval of a \$1.6 million CDBG loan. Once the private financing is in place, the project can begin almost immediately. Construction would likely start in the summer of 2009.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-------------|--|------------------|
| \$1,600,000 | Clean Ohio Assistance Funds: \$750,000; CDBG: \$750,000; Federal Historic Tax Credits Equity: \$4.2 million; State Historic Tax Credit Equity: \$2.9 million; New Market Tax Credits Equity: \$3.4 million, Private Equity: at least \$5-6 million. | \$19-20 million |

- **Neighborhood Enhancement Program (NEP) Homeowner Repair Program:** This program will provide forgivable loans to low income homeowners to correct code violations issued as part of the Neighborhood Enhancement Program. Owner occupants meeting income requirements would receive financial assistance in correcting common exterior code violations such as leaking roof; dilapidated porch; unsafe stairs; defective siding; painting and similar repairs required under the Cincinnati Housing Code. This program will help with energy efficiency within these homes, assist 15 households impacted by the recession, and create two new jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--------------|------------------|
| \$218,021 | \$0 | \$218,021 |

- **Emergency Shelter Improvements:** This program will fund acquisition and renovation for emergency shelters for single individuals pursuant to the "Homeless to Home" Plan. This program will include upgrades to increase energy conservation and assist those most impacted by the recession. This program will create five new construction jobs and retain 10 jobs at homeless facilities.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--------------------------|------------------|
| \$300,000 | Shelter Match: \$300,000 | \$600,000 |

- **Warsaw Avenue Streetscape:** This project would fund Phase II of the streetscape on Warsaw Avenue from McPherson to Enright, plus one block of St. Lawrence. Phase II would include design improvements for vehicular and pedestrian safety, new traffic signals, and new pedestrian scale street lighting. All of these improvements will complement Phase I improvements, which includes the new Kroger store. Improvements will create 37 new jobs and be done in a manner such that energy conservation is improved, green technology is used, and pollution emissions are reduced. This activity will invest in infrastructure that will provide long-term economic benefits. The \$300,000 in CDBG-R funds will close the funding gap for this project.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|----------------------|------------------|
| \$300,000 | City CDBG: \$550,000 | \$850,000 |

- **Private Lot Abatement:** This program will provide funding for a one time response to specifically targeted low income neighborhoods that have seen an increase in noncompliance with the city ordinances for weed and litter removal. This program will allow a private contractor to abate these properties that have created a safety and health concern within these neighborhoods. The average cost per lot is \$128. This funding will allow for the abatement of approximately 1,673 properties. This activity will avoid reductions in essential services and retain five jobs.

The funding for this program was not included in the 2009/2010 Approved Budget. There is a pending item before City Council Finance Committee (Doc. #200900660) on this program, which was held to allow the Administration to explore the use of CDBG-R for this program. Based on the Administration's analysis, \$214,466 of CDBG-R can be used to abate private lots as described above. Please note that this doesn't meet the full needs of the Private Lot Abatement Program as properties not within low/moderate income census tracts will not be eligible for this funding. In addition, these funds can not be spent until June 5, 2009 (the date of application of the CDBG-R funds).

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--------------|------------------|
| \$214,466 | \$0 | \$214,466 |

- **Drug Elimination Program:** This project provides funding for increased law enforcement activity in Over-the-Rhine. The Over-the-Rhine Chamber of Commerce coordinates the hiring of police officers to engage in drug enforcement activities. This activity will help the City to avoid this reduction in an essential service for the Over-the-Rhine neighborhood and retain the equivalent of one police officer/police specialist.

This recommendation is consistent with City Council motion #200900335 which was approved by City Council on March 25, 2009.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--------------|------------------|
| \$100,000 | \$0 | \$100,000 |

The remaining programs represent Human Services agencies whose programs are eligible for CDBG resources. Pursuant to City Council motion #200900521 approved on April 8, 2009, the 2009 amount approved for Human Services agencies exceeded resources by \$512,000. The Administration recommends using CDBG-R for \$409,138 of this shortfall. This represents the allowable amount within the Public Services cap after funding the Drug Elimination Program. The remaining need of \$102,862 is recommended to come from the General Fund Reserve for Contingencies. Because these agencies cannot begin to spend CDBG-R funds until after June 5, 2009, the Administration will also introduce a moral obligation ordinance to City Council which will allocate the General Fund dollars to fund the agency operations between April 1 and June 5, 2009.

- **YWCA – Abuse and Homelessness Prevention:** This funding provides for 24-hour crisis line assistance, emergency protective shelter services, transitional housing and comprehensive supportive services to homeless victims of domestic violence. In addition, a batterers' intervention programming is offered to domestic violence offenders to prevent future abuse. This program will assist those most impacted by the recession and will help retain six jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--|------------------|
| \$86,918 | Foundation: \$213,571; Amend Program Fees: \$105,729; State of Ohio: \$231,810; Hamilton County (Marriage License & Divorce Fee: \$113,249; Direct Federal Grants: \$203,285; City General Fund: \$23,178; United Way: \$117,750; and Other Contributions: \$23,687. | \$1,119,177 |

- **YWCA – Empowering Youth:** This is a community based program for adolescent males and females that addresses violence prevention, financial literacy development and adolescent pregnancy. The program will empower youth with knowledge, resources, and skills to reduce violence and teen pregnancy and to increase self-sufficiency. The program will assist those most impacted by the recession and retain two jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|---|------------------|
| \$8,556 | Foundation: \$86,153; Amend Adolescent Fees: \$16,493; United Way: \$12,000; Centerpoint: \$4,875; City General Fund: \$2,282; and Other Contributions: \$12,812. | \$143,171 |

- **Smart Money Community Services:** This organization provides individuals and families with a full range of banking services as well as opportunities to increase financial literacy. The program will assist low-income individuals impacted by the recession by providing a secure banking option and financial education. This program will retain five jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|---|------------------|
| \$41,773 | Corporate: \$168,208; Foundation: \$36,500; Private Donors: \$10,000; Special Events: \$8,000; United Way: \$37,400; City General Fund: \$11,140. | \$313,021 |

- **STOP AIDS:** This program provides medical case management services to HIV positive individuals in the City of Cincinnati. The program offers education on the prevention of HIV infection through outreach, school and community based programs, and one-on-one educational sessions. The program will avoid reductions in essential services, and retain four jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--|------------------|
| \$36,690 | State of Ohio: \$35,367; City General Fund: \$9,784; Other: \$8,250. | \$90,091 |

- **Cincinnati Area Senior Services, Inc.:** This program will identify local isolated, underserved elderly and draw them into Over-the-Rhine and Mt. Auburn Senior Centers for participation. The program will assist those impacted by the recession, avoid reductions in essential services, and retain four jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--|------------------|
| \$58,294 | Direct Federal Grants: \$105,454; United Way: \$41,000; City General Fund: \$15,545. | \$220,293 |

- **Center for Chemical Addiction and Treatment:** This program provides an opportunity for safe withdrawal from alcohol and other drugs for adults with the need for medically-assisted detoxification. This is considered an emergency inpatient service and is overseen by a physician with nursing staff on duty 24 hours a day. The program will assist those impacted by the recession, avoid reductions in essential services, and retain five jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--|------------------|
| \$96,632 | Hamilton County: \$365,701; City General Fund: \$25,768; Other: \$157,644. | \$645,745 |

- **Cincinnati Union Bethel – Anna Louise Inn:** This program provides housing for low-income, single women experiencing a housing crisis. The program will assist those most impacted by the recession and retain three jobs.


| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|--|------------------|
| \$40,012 | Corporate: \$19,500; Program Participant fees: \$426,319; City General Fund: \$10,670. | \$496,501 |

- **Cincinnati Union Bethel – Off the Streets:** This program provides emergency shelter to homeless women involved in prostitution. In addition, there is a community-based program which addresses the health and recovery needs of women involved in prostitution. The program will assist those most impacted by the recession and retain six jobs.

| CDBG-R \$ | Leveraged \$ | Total Project \$ |
|-----------|---|------------------|
| \$40,263 | Foundation (Local Funding Partners): \$108,580; State of Ohio: \$10,000; Fundraiser: \$54,000; City General Fund: \$10,737. | \$223,580 |

Federal agencies are undertaking unprecedented measures to ensure transparency and accountability in the use of the CDBG-R funds. Therefore, CDBG-R guidelines allow for 10% of the total grant amount, excluding program income, to be used for administration of the grant. This is half of the 20% allowable under the standard CDBG program. Grant funds will be certified, expended, and drawn down over a three year period ending September 30, 2012. Due to the number of programs proposed, the length of time of the grant, and the increased reporting requirements the Administration anticipates needing \$349,069, or the full 10%, for grant administration. Public Service activities typically include 10% for the City's project delivery costs. In the case of CDBG-R work associated with the recommended Public Service activities will be support by grant administration funding.

The Administration believes the projects presented here meet the intent of the Congress by spurring economic investment, increasing energy efficiency, providing public services to those impacted by the recession, and providing job creation or retention. Due to the impending deadline of June 5, 2009, the Administration will present a CDBG-R application ordinance for City Council's consideration at the May 28, 2009 meeting.

cc:  Lea D. Eriksen, Budget Director
Michael Cervay, Community Development Director
Michael Moore, Transportation and Engineering Interim Director